

AMENDED IN SENATE AUGUST 22, 2008
AMENDED IN SENATE AUGUST 14, 2008
AMENDED IN SENATE AUGUST 4, 2008
AMENDED IN SENATE JULY 2, 2008
AMENDED IN ASSEMBLY MAY 28, 2008
AMENDED IN ASSEMBLY MAY 23, 2008
AMENDED IN ASSEMBLY APRIL 21, 2008

CALIFORNIA LEGISLATURE—2007–08 REGULAR SESSION

ASSEMBLY BILL

No. 2321

Introduced by Assembly Members Feuer, Levine, and Davis

February 21, 2008

An act to amend Section 130350.5 of, and to add Section 130350.4 to, the Public Utilities Code, relating to transportation.

LEGISLATIVE COUNSEL'S DIGEST

AB 2321, as amended, Feuer. Transportation funding: County of Los Angeles.

Existing law authorizes the Los Angeles County Metropolitan Transportation Authority (MTA) to impose, in addition to any other tax that it is authorized to impose, a transactions and use tax at the rate of 0.5% for 6½ years or less, for the funding of specified transportation-related purposes designated as capital projects or capital programs. Existing law conditions the imposition of a tax under this authority upon voter approval as otherwise required by law. It also prohibits the MTA from incurring bonded indebtedness payable from

the tax proceeds to fund those projects or programs or from substituting revenue from the tax proceeds for current funding commitments to the projects or programs. Existing law requires the MTA to prepare an expenditure plan prior to submitting the tax ordinance to voters, describing the projects and programs and their cost and funding sources. Existing law also creates the Capital Project Development Fund, into which the tax revenue is to be deposited, and makes those moneys available for expenditure by the MTA to fund the designated projects and programs.

This bill would modify these provisions to require the MTA tax ordinance to specify that the tax is to be imposed for a period not to exceed 30 years, and to require the MTA to include specified projects and programs in its Long Range Transportation Plan. This bill would require the MTA to notify Members of the Legislature representing the County of Los Angeles of proposed amendments to the expenditure plan, as specified. This bill would also authorize the MTA to incur bonded indebtedness, as specified, and would make other related changes.

Vote: majority. Appropriation: no. Fiscal committee: yes.
State-mandated local program: no.

The people of the State of California do enact as follows:

- 1 SECTION 1. Section 130350.4 is added to the Public Utilities
- 2 Code, to read:
- 3 130350.4. The Legislature finds and declares all of the
- 4 following:
- 5 (a) In authorizing the Los Angeles County Metropolitan
- 6 Transportation Authority (MTA) to impose a transaction and use
- 7 tax pursuant to Section 130350.5, the Legislature intends for the
- 8 net revenues derived from the tax to be used to fund a
- 9 transportation investment program that provides mobility, health,
- 10 and safety benefits to the people residing in all regions of the
- 11 County of Los Angeles.
- 12 (b) For purposes of proposing to the voters of the County of
- 13 Los Angeles the imposition of a 0.5 percent transaction and use
- 14 tax at the election held on November 4, 2008, pursuant to
- 15 subdivision (b) of Section 130350.5, the MTA adopted, on July
- 16 24, 2008, a local ordinance that includes as "Attachment A" a plan
- 17 for the expenditure of the net revenues derived from the imposition

1 of the tax. The adoption of Attachment A constitutes the adoption
2 of an expenditure plan pursuant to subdivision (f) of Section
3 130350.5.

4 (c) In addition to the projects and funding amounts identified
5 in paragraph (3) of subdivision (b) of 130350.5, the adopted
6 expenditure plan includes other high-priority projects and funding
7 amounts for the region, including, but not limited to, the following
8 projects:

9 (1) Green Line Extension to the Los Angeles International
10 Airport – two hundred million dollars ((\$200,000,000).

11 (2) Interstate 710 North Gap Closure (tunnel) – seven hundred
12 eighty million dollars (\$780,000,000).

13 (3) Gold Line Eastside Extension – one billion two hundred
14 seventy-one million dollars (\$1,271,000,000).

15 (4) Interstate 605 Corridor “Hot Spot” Interchanges – five
16 hundred ninety million dollars (\$590,000,000).

17 (d) The Legislature finds and declares that all regions of the
18 county stand to benefit from the proposed expenditure plan;
19 therefore, the MTA shall strive to maintain the fair and equitable
20 geographic balance in the plan and shall strive to complete those
21 capital projects as soon as practicable, consistent with the
22 requirements of the proposing ordinance, state and federal law.

23 (e) Because it is in the interest of the people of the County of
24 Los Angeles and the people of the State of California to ensure
25 that the net revenues derived from the tax imposed pursuant to this
26 act are expended efficiently, and in a manner consistent with the
27 adopted expenditure plan, the MTA shall notify the Legislature
28 prior to the adoption of amendments to the adopted expenditure
29 plan.

30 SEC. 2. Section 130350.5 of the Public Utilities Code is
31 amended to read:

32 130350.5. (a) In addition to any other tax that it is authorized
33 by law to impose, the Los Angeles County Metropolitan
34 Transportation Authority (MTA) may impose, in compliance with
35 subdivision (b), a transactions and use tax at a rate of 0.5 percent
36 that is applicable in the incorporated and unincorporated areas of
37 the county.

38 (b) For purposes of the taxing authority set forth in subdivision
39 (a), all of the following apply:

(1) The tax shall be proposed in a transactions and use tax ordinance, that conforms with Chapter 2 (commencing with Section 7261) to Chapter 4 (commencing with Section 7275), inclusive, of the Transactions and Use Tax Law (Part 1.6 (commencing with Section 7251) of Division 2 of the Revenue and Taxation Code), and that is approved by a majority of the entire membership of the authority.

(2) The tax may be imposed only if the proposing ordinance is approved by two-thirds of the voters, in the manner as otherwise required by law, voting on this measure, in an election held on November 4, 2008, or at a subsequent election and, if so approved, shall become operative as provided in Section 130352.

(3) The proposing ordinance shall specify, in addition to the rate of tax and other matters as required by the Transactions and Use Tax Law, that the tax is to be imposed for a period not to exceed 30 years and the net revenues derived from the tax are to be administered by the MTA as provided in this section. Net revenues shall be defined as all revenues derived from the tax less any refunds, costs of administration by the State Board of Equalization, and costs of administration by the MTA. Such costs of administration by the MTA shall not exceed one and one-half percent (1.5%) of the revenues derived from the tax. The MTA shall, during the period in which the ordinance is operative, allocate 20 percent of all net revenues derived from the tax for bus operations to all eligible and included municipal transit operators in the County of Los Angeles and to the MTA, in accordance with Section 99285. However, the allocations to the MTA and eligible and included municipal operators shall be made solely from revenues derived from a tax imposed pursuant to this section, and not from local discretionary sources. *Funds allocated by MTA to itself pursuant to this section shall be used for transit operations and shall not supplant funds from any other source allocated by MTA to itself for public transit operations. Funds allocated by MTA to the eligible and included municipal operators pursuant to this section shall be used for transit operations and shall not supplant any funds authorized by other provisions of law and allocated by MTA to the eligible and included municipal operators for public transit.* In addition to this amount, the MTA shall allocate 5 percent of all net revenues derived from the tax for rail operations. The MTA shall include the projects and programs

described in subparagraphs (A) and (B) in the expenditure plan required under subdivision (f). The MTA shall include all projects and programs described in the expenditure plan required under subdivision (f) in its Long Range Transportation Plan (LRTP). The priorities for projects and programs described in subparagraphs (A) and (B) and in the expenditure plan required under subdivision (f) shall be those set forth in the expenditure plan. The funding amounts specified in subparagraphs (A) and (B) are minimum amounts that shall be allocated by the MTA from the net revenues derived from a tax imposed pursuant to this section. Nothing in this section prohibits the MTA from allocating additional net revenues derived from the tax to these projects and programs.

(A) Capital Projects.

(i) Exposition Boulevard Light Rail Transit Project from downtown Los Angeles to Santa Monica. The sum of nine hundred twenty-five million dollars (\$925,000,000).

(ii) Crenshaw Transit Corridor from Wilshire Boulevard to Los Angeles International Airport along Crenshaw Boulevard. The sum of two hundred thirty-five million five hundred thousand dollars (\$235,500,000).

(iii) San Fernando Valley North-South Rapidways. The sum of one hundred million five hundred thousand dollars (\$100,500,000).

(iv) Metro Gold Line (Pasadena to Claremont) Light Rail Transit Extension. The sum of seven hundred thirty-five million dollars (\$735,000,000).-

(v) Metro Regional Connector. The sum of one hundred sixty million dollars (\$160,000,000).

(vi) Metro Westside Subway Extension. The sum of nine hundred million dollars (\$900,000,000).

(vii) State Highway Route 5 Carmenita Road Interchange Improvement. The sum of one hundred thirty-eight million dollars (\$138,000,000).

(viii) State Highway Route 5 Capacity Enhancement (State Highway Route 134 to State Highway Route 170, including access improvement for Empire Avenue). The sum of two hundred seventy-one million five hundred thousand dollars (\$271,500,000).

(ix) State Highway Route 5 Capacity Enhancement (State Highway Route 605 to the Orange County line, including improvements to the Valley View Interchange). The sum of two

1 hundred sixty-four million eight hundred thousand dollars
2 (\$264,800,000).

3 (x) State Highway Route 5/State Highway Route 14 Capacity
4 Enhancement. The sum of ninety million eight hundred thousand
5 dollars (\$90,800,000).

6 (xi) Capital Project Contingency Fund. The sum of one hundred
7 seventy-three million dollars (\$173,000,000).

8 (B) Capital Programs.

9 (i) Alameda Corridor East Grade Separations. The sum of two
10 hundred million dollars (\$200,000,000).

11 (ii) MTA and Municipal Regional Clean Fuel Bus Capital
12 (Facilities and Rolling Stock). The sum of one hundred fifty million
13 dollars (\$150,000,000).

14 (iii) Countywide Soundwall Construction (MTA Regional List
15 and Monterey Park/State Highway Route 60). The sum of two
16 hundred fifty million dollars (\$250,000,000).

17 (iv) Local return for major street resurfacing, rehabilitation, and
18 reconstruction. The sum of two hundred fifty million dollars
19 (\$250,000,000).

20 (v) Metrolink Capital Improvements. The sum of seventy million
21 dollars (\$70,000,000).

22 (vi) Eastside Light Rail Access. The sum of thirty million dollars
23 (\$30,000,000).

24 (c) The MTA may incur bonded indebtedness payable from the
25 proceeds of the tax provided by this section pursuant to the bond
26 issuance provisions of Section 130500 et seq. of the Public Utilities
27 Code, and any successor act. The MTA shall include in the
28 expenditure plan, required under subdivision (f), the amount of
29 net revenue specified for all projects and programs in
30 subparagraphs (A) and (B) of paragraph (3) of subdivision (b) as
31 a condition of the use and expenditure of the proceeds of the tax.
32 The MTA shall maintain the current amount of any funding for
33 the projects and programs specified in this section that has been
34 previously programmed or received from sources other than the
35 proceeds of the tax, and may not reallocate money that has been
36 previously programmed or received for those projects and programs
37 to other projects or uses.

38 (d) Notwithstanding Section 7251.1 of the Revenue and Taxation
39 Code, the tax rate authorized by this section shall not be considered
40 for purposes of the combined rate limit established by that section.

1 (e) A jurisdiction or recipient is eligible to receive funds from
2 the local return program, described in clause (iv) of subparagraph
3 (B) of paragraph (3) of subdivision (b), only if it continues to
4 contribute to that program an amount that is equal to its existing
5 commitment of local funds or other available funds. The MTA
6 may develop guidelines that, at a minimum, specify maintenance
7 of effort requirements for the local return program, matching funds,
8 and administrative requirements for the recipients of revenue
9 derived from the tax.

10 (f) Prior to submitting the ordinance to the voters, the MTA
11 shall adopt an expenditure plan for the net revenues derived from
12 the tax. The expenditure plan shall include, in addition to other
13 projects and programs identified by the MTA, the specified projects
14 and programs listed in paragraph (3) of subdivision (b), the
15 estimated total cost for each project and program, funds other than
16 the tax revenues that the MTA anticipates will be expended on the
17 projects and programs, and the schedule during which the MTA
18 anticipates funds will be available for each project and program.
19 The MTA shall also identify in its expenditure plan the expected
20 completion dates for each project described in subparagraph (A)
21 of paragraph (3) of subdivision (b). To be eligible to receive
22 revenues derived from the tax, an agency sponsoring a capital
23 project or capital program shall submit to the MTA an expenditure
24 plan for its project or program containing the same elements as
25 the expenditure plan that MTA is required by this subdivision to
26 prepare.

27 (g) The MTA shall establish and administer a sales tax revenue
28 fund. The net revenue derived from the tax, after payment of any
29 debt services and related obligations, shall be credited to this fund.
30 The moneys in the fund shall be available to the MTA to meet
31 expenditure and cashflow needs of the projects and programs
32 described in the expenditure plan required under subdivision (f).
33 In the event that there are net revenues in excess of the amount
34 necessary to provide the amount of net revenues specified in the
35 expenditure plan for the projects and programs described therein,
36 the MTA may expend the excess net revenues on projects and
37 programs in the expenditure plan or the LRTP. In the event that
38 projects and programs in the expenditure plan are completed
39 without the expenditure of the amount of net revenues specified,
40 the MTA shall expend the excess net revenues on projects and

1 programs in the expenditure plan or the LRTP within the same
2 subregion as the project or program that is completed. For the
3 purposes of this section, “subregion” shall be defined in the LRTP.

4 (h) If other funds become available and are allocated to provide
5 all or a portion of the amount of net revenues specified in the
6 expenditure plan for the projects or programs described therein,
7 the MTA may expend the surplus net revenues on other projects
8 and programs in the expenditure plan or the LRTP.

9 (i) (1) Notwithstanding subdivision (h), if a capital project or
10 capital program described in clauses (i) to (x), inclusive, of
11 subparagraph (A) of paragraph (3) of subdivision (b) and clauses
12 (i) and (vi) of subparagraph (B) of paragraph (3) of subdivision
13 (b), has been fully funded from other sources on or before
14 December 31, 2008, the funds designated to the project or program
15 in clauses (i) to (x), inclusive, of subparagraph (A) of paragraph
16 (3) of subdivision (b) and clauses (i) and (vi) of subparagraph (B)
17 of paragraph (3) of subdivision (b) shall remain in the subregion
18 in which the project or program is located and shall be allocated
19 to other projects or programs in the subregion prior to the
20 expiration of the tax.

21 (2) A capital project or capital program funded with reallocated
22 funds pursuant to paragraph (1) shall be included in the adopted
23 2008 Long Range Transportation Plan or the successor plan and
24 shall be of regional significance as determined by the MTA. For
25 purposes of this subdivision, “subregions” means the subregions
26 as defined in the LRTP in effect as of January 1, 2008.

27 (j) Notwithstanding Section 130354, revenues raised under this
28 section may be used to facilitate the transportation of people and
29 goods within Los Angeles County. The use of the revenues shall
30 not be limited to public transit purposes.

31 (k) No later than 365 days prior to the adoption of an amendment
32 described in paragraph (1) to an expenditure plan adopted pursuant
33 to subdivision (f), including, but not limited to, the expenditure
34 plan adopted by the MTA board as “Attachment A” in Ordinance
35 #08-01 adopted by the board on July 24, 2008, and in addition to
36 any other notice requirements in the proposing ordinance, the board
37 shall notify the Members of the Legislature representing the County
38 of Los Angeles of all of the following:

39 (1) A description of the proposed amendments to the adopted
40 expenditure plan that would do any of the following:

1 (A) Affect the amount of net revenues derived from the tax
2 imposed pursuant to this act that is proposed to be expended on a
3 capital project or projects identified in the adopted expenditure
4 plan.

5 (B) Affect the schedule for the availability of funds proposed
6 to be expended on a capital project or projects identified in the
7 adopted expenditure plan.

8 (C) Affect the schedule for the estimated or expected completion
9 date of a capital project or projects identified in the adopted
10 expenditure plan.

11 (2) The reason for the proposed amendment.

12 (3) The estimated impact the proposed amendment will have
13 on the schedule, cost, scope, or timely availability of funding for
14 the capital project or projects contained in the adopted expenditure
15 plan.

16 (l) The notification required pursuant to subdivision (k) shall
17 be achieved by resolution adopted by the MTA board.

18 SEC. 3. The Legislature finds and declares that the tax authority
19 set forth in Section 130350.5 of the Public Utilities Code, as
20 amended by this act, is intended to provide those funds necessary
21 to provide the amount of net revenues specified for the capital
22 projects and capital programs described in the expenditure plan
23 required pursuant to Section 130350.5 of the Public Utilities Code,
24 as amended by this act.

25 SEC. 4. The Legislature finds and declares that due to the
26 unique circumstances regarding transportation funding within the
27 County of Los Angeles, a general statute cannot be made applicable
28 within the meaning of Section 16 of Article IV of the California
29 Constitution.